

Message Text

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ACTION ORM-02

INFO OCT-01 IO-13 ISO-00 DHA-02 L-03 AID-05 OMB-01 SP-02

TRSE-00 SS-15 NSC-05 SCA-01 SSO-00 NSCE-00 CIAE-00

INR-07 NSAE-00 INRE-00 EA-09 FDRE-00 IGA-02 /068 W

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O 291707Z APR 76

FM USMISSION GENEVA

TO SECSTATE WASHDC IMMEDIATE 9624

UNCLAS SECTION 1 OF 2 GENEVA 3275

E.O. 11652: N/A

TAGS: SREF ICEM

SUBJECT: REIMBURSEMENT OF ICEM FOR INDOCHINESE PROGRAM SUPPORT
FOR CALENDAR YEAR 1975

REF: (A) STATE 100952 (B) GENEVA 3242

1. AS PREDICTED REFTEL B. ICEM HAS REFUSED, IN WRITING, TO
RETREAT FROM PREVIOUS POSITION.

2. TEXT OF LETTER FOLLOWS:

QUOTE. REFERENCE IS MADE TO YOUR VISIT TO ICEM HEADQUARTERS
YESTERDAY MORNING CONCERNING OUR DIRECT AND OVERHEAD CHARGES
INCURRED AS A RESULT OF THE INDOCHINA REFUGEE PROGRAMME IN
1975.

WE ARE OF THE OPINION THAT THESE CHARGES ARE STILL
APPROPRIATE. IN SUPPORT OF THIS CONCLUSION, WE ARE ATTACHING
AN AUDIT CERTIFICATE OF OUR EXTERNAL AUDITORS, PRICE WATER-
HOUSE & CO., WHO HAVE REVIEWED THE TOTAL EXPENDITURE OF
\$1,095,059 INCURRED IN ADMINISTRATION OF THIS SPECIAL
PROGRAMME. BASED ON THEIR EXAMINATION OF OUR ACCOUNTING
RECORDS, THE EXTERNAL AUDITORS HAVE CONCLUDED THAT:

(A) THESE EXPENDITURES WERE PROPERLY INCURRED,
(B) THE ESTIMATES OF OVERHEAD CHARGES ARE CONSIDERED BY THEM

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TO BE REASONABLE, AND

(C) THE CHARGES MADE FOR REIMBURSEMENT ARE IN ACCORDANCE WITH COMMITTEE PRACTICES.

HOWEVER, AS A RESULT OF THEIR CERTIFICATE, THERE IS INDICATION OF AN OVERCHARGE IN THE ACTUAL INVOICING OF OVERHEAD COSTS TO THE U.S. GOVERNMENT WHICH WAS IN THE AMOUNT OF \$515,000. IN CONNECTION WITH THE MOVEMENT OF 15,602 INDOCHINA REFUGEES FOR WHOM THE U.S. GOVERNMENT BECAME THE PRINCIPAL SPONSOR, THE AUDITORS' CERTIFICATE IS FOR AN AMOUNT OF \$478,217.

WE WILL, THEREFORE, CREDIT THE AMOUNT OF \$36,783 TO THE U.S. GOVERNMENT TAKING INTO ACCOUNT THAT PART OF THIS WOULD BE COVERED BY THE \$18,672 THAT WAS CARRIED FORWARD TO 1976 IN OUR ACCOUNTS FROM FUNDS MADE AVAILABLE BY YOUR GOVERNMENT FOR THIS PROGRAMME.

WITH REFERENCE TO THE SPECIFIC QUESTIONS YOU RAISED, OUR EXPLANATION IS AS FOLLOWS:

SALARIES FOR REGULAR STAFF

OF THE \$216,342 DIRECT SALARY CHARGES TO THE INDOCHINA PROGRAMME, \$152,474 IS FOR DIRECT SALARY CHARGES FOR 17 ICEM PERMANENT STAFF MEMBERS, \$53,368 IS FOR 7 INDIVIDUALS RECRUITED SPECIFICALLY FOR THE INDOCHINA PROGRAMME AND \$10,500 IS FOR A SALARY SUPPLEMENT FOR 2 PART-TIME ICEM STAFF MEMBERS IN THE UNITED STATES WHO WERE REQUIRED TO WORK FULL-TIME PLUS FOR THE INDOCHINA PROGRAMME.

HOWEVER, IT SHOULD BE POINTED OUT THAT OF THE 17 ICEM PERMANENT STAFF MEMBERS, ONLY 5 ARE FUNDED IN THE ADMINISTRATIVE BUDGET IN THE AMOUNT OF \$39,470 AND THE REMAINING 12 ARE FUNDED IN ICEM'S OPERATIONAL BUDGET, INCLUDING THE FAR EAST AND NON-EUROPEAN PROGRAMMES. IN THE OPERATIONAL BUDGET FOR 1975, THE U.S. CONTRIBUTION VARIED FROM NIL FOR SECTION I, 18.7 PERCENT FOR SECTION II, 21.8 PERCENT FOR SECTION III, AND NIL FOR THE FAR EAST AND NON-EUROPEAN PROGRAMMES.

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THERE IS NO QUESTION OF THE U.S. GOVERNMENT PAYING TWICE FOR THE SALARY OF ANY STAFF MEMBER. FOR EXAMPLE MR. CHRISTENSEN'S SALARY FOR THE PERIOD OF HIS ASSIGNMENT TO BANGKOK AND GUAM 19/4 TO 20/7 WAS NOT CHARGED TO THE REGULAR ADMINISTRATIVE BUDGET AND WHEN HE WAS AT HEADQUARTERS IN THE PERIOD AUGUST/DECEMBER ONLY 20 PERCENT OF HIS TIME WAS INCLUDED IN OUR CALCULATIONS OF OVERHEAD

CHARGES.

OVERHEAD CHARGE FOR THE HONG KONG OFFICE

AS EXPLAINED IN PARAGRAPH 23, PAGE 6 OF DOCUMENT MC/INF/162, THE HONG KONG OFFICE HAD TO BE INVOLVED IN VIRTUALLY ALL MOVEMENTS ARRANGED BY ICEM OF INDOCHINA REFUGEES FROM GUAM TO THIRD COUNTRIES BECAUSE THERE WERE FEW FOREIGN CONSULS ON GUAM WHO COULD ISSUE IMMIGRATION VISAS. ICEM HONG KONG HAD TO CHECK WITH CONSULS ON THEIR RECEIPT OF VISA AUTHORIZATIONS FOR CASES ON GUAM AND NOTIFY ICEM GUAM. WHEN CASES WERE READY FOR MOVEMENT ICEM GUAM BOOKED GUAM/HONG KONG, WHILE ICEM HONG KONG HAD TO NOTIFY HONG KONG IMMIGRATION DEPARTMENT OF THE ARRIVAL OF THE TRANSIT GROUP AND BOOK ONWARD MOVEMENT FROM HONG KONG. ICEM HONG KONG STAFF MEMBERS HAD TO MEET FLIGHTS ARRIVING FROM GUAM IN THE EARLY MORNING, BRING THE PEOPLE TO THE CONSUL CONCERNED FOR INTERVIEW AND VISAING AND FINALLY AT THE END OF THE DAY ACCOMPANY THE CASES TO THE AIRPORT FOR DEPARTURE.

IN ADDITION TO HANDLING MOVEMENTS FROM HONG KONG TO THE U.S.A. ITSELF, THE ICEM OFFICE WAS IN TOUCH WITH U.S. CONSULATES IN MANILA, TAIPEI, TOKYO, DJAKARTA AND SEOUL TO ARRANGE THE DEPARTURE OF INDIVIDUAL CASES BEING PAROLED FROM THESE LOCATIONS. THEREFORE A VERY CONSIDERABLE AMOUNT OF TIME WAS SPENT BY THE ICEM HONG KONG STAFF AND THE SEPARATE OVERHEAD CHARGE OF \$30,000 IS REASONABLE.

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TO SECSTATE WASHDC IMMEDIATE 9625

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TEMPORARY HELP, LOCAL ASSISTANCE, ETC.

THE COST OF \$24,062 FOR THIS ITEM INCLUDES \$9,223 FOR A PART-TIME TELEX OPERATOR/CLERK-TYPIST IN GENEVA AND \$14,839 FOR CLERICAL/INTERPRETERS (VIETNAMESE REFUGEES) WHO PROVIDED CLERICAL ASSISTANCE AND WERE REQUIRED, PRIMARILY, FOR THEIR KNOWLEDGE OF THE VIETNAMESE LANGUAGE.

I TRUST THAT THE AUDIT CERTIFICATE AND THE EXPLANATORY PARAGRAPHS ON SPECIFIC ITEMS WILL SATISFY YOUR REQUIREMENTS. SINCERELY YOURS, JOHN F. THOMAS. UNQUOTE.

3. THE PRICE WATERHOUSE & CO. AUDIT CERTIFICATE FOLLOWS: QUOTE. AUDIT CERTIFICATE - ADMINISTRATION OF SPECIAL PROGRAMME FOR REFUGEES FROM INDOCHINA.

AS REQUESTED WE CONFIRM THAT, IN CONNECTION WITH OUR EXAMINATION OF THE COMMITTEE'S FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1975 WE HAVE REVIEWED THE COSTS INCURRED BY YOUR COMMITTEE IN RESPECT OF ADMINISTERING THE SPECIAL PROGRAMME FOR REFUGEES FROM INDOCHINA.

TABLE VII OF THE COMMITTEE'S FINANCIAL REPORT AT DECEMBER 31, 1975 SHOWS ADMINISTRATION OF PROGRAMME EXPENDITURE OF \$1,095,059. SUCH EXPENDITURE CONSISTS UNCLASSIFIED

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OF:

(1) STAFF AND SUPPORT COSTS DIRECTLY	
INCURRED UNDER THE PROGRAMME	\$476,888
(2) OVERHEADS (PRINCIPALLY STAFF COSTS)	
INCURRED AT HEADQUARTERS AND MISSIONS	618,171
	\$1,095,059

OVERHEADS OF \$618,171 WERE DETERMINED ON THE BASIS OF BEST ESTIMATES AVAILABLE TO THE COMMITTEE. ON THE BASIS OF 20,340 REFUGEES TRANSPORTED UNDER THE PROGRAMME SUCH OVERHEADS AMOUNTED TO \$30.4 PER CAPITA, AND WERE CHARGED IN THE ACCOUNTS AS FOLLOWS:

	NUMBER OF MOVEMENTS	AMOUNT \$	PER CAPITA \$
(A) PRINCIPAL SPONSOR OF THE PROGRAMME	15,602	478,217	30.6

(B) OTHER SPONSORING
ORGANIZATIONS AND

GOVERNMENTS 3,338 100,754 30.2

(C) LOAN FUND FOR
REFUGEES OUTSIDE

EUROPE 1,400 39,200 28.0

20,340 618,171

BASED ON OUR EXAMINATION OF THE ACCOUNTING RECORDS OF
THE COMMITTEE AND THE INFORMATION SHOWN ABOVE, WE
CERTIFY THAT:

(I) ADMINISTRATION EXPENDITURES OF \$1,095,059 WERE
PROPERLY INCURRED BY THE COMMITTEE IN CONNECTION WITH
THE TRANSPORT OF REFUGEES UNDER THE INDOCHINA PROGRAMME.

(II) THE ESTIMATES FOR OVERHEADS USED BY THE COMMITTEE
TO DETERMINE SUCH EXPENDITURE ARE CONSIDERED REASONABLE
BY US.

(III) CHARGES MADE FOR THE REIMBURSEMENT OF SUCH EXPENDI-
TURES ARE IN ACCORDANCE WITH PRACTICES GENERALLY USED
BY THE COMMITTEE.

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YOURS VERY TRULY, PRICE WATERHOUSE. UNQUOTE.

4. AS ICEM CONSIDERS CLAIM NOT NEGOTIABLE AND THERE
ARE NO DEFINITIVE WRITTEN AGREEMENTS AS TO ICEM'S
ENTITLEMENT, MISSION UNABLE TO RESOLVE THIS MATTER IN
ACCORDANCE WITH DEPARTMENT'S GUIDANCE CONTAINED IN REF A.
MISSION STILL BELIEVES THAT OVERHEAD AND PERSONNEL
CHARGES NOT FULLY JUSTIFIED AND THEREFORE NOT IN
POSITION TO ISSUE ADMINISTRATIVE APPROVAL OR CERTIFICATION
OF ICEM PAYMENT.

5. REQUEST DEPARTMENT'S FURTHER GUIDANCE ON HOW TO
PROCEED FROM IMPASSE.DALE

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Message Attributes

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Margaret P. Grafeld
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